

RESOLUTION NO. RES-07-0100

A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF LONG BEACH INCREASING THE PARK AND
RECREATION FACILITIES FEES; ADOPTING A
COMPREHENSIVE IMPACT FEE (NEXUS) STUDY; AND
ADOPTING FINDINGS RELATIVE THERETO

WHEREAS, many cities and counties have adopted and imposed
development impact fees on new development to pay for new development's fair share of
infrastructure and services; and

WHEREAS, on February 7, 1989, the City Council of the City of Long
Beach adopted Ordinance No. C-6567 establishing a Park and Recreation Facilities Fee,
which ordinance was incorporated into the Long Beach Municipal Code as Chapter
18.18; and

WHEREAS, on January 31, 1989, the City Council of the City of Long
Beach adopted Resolution No. C-24638, which established a Park and Recreation
Facilities Fee amount per dwelling unit, by type, which resolution was repealed and
superseded by Resolution No. C-25040, which likewise established a Park and
Recreation Facilities Fee amount per dwelling unit, by type; and

WHEREAS, the City now desires to increase the Park and Recreation
Facilities Fee first established in 1989 pursuant to Resolution and Chapter 18.18 of the
Municipal Code; and

WHEREAS, the City conducted and prepared a nexus study entitled
"Relationship between Residential Construction and Park Impact Fees" dated August 18,
2005 for the City of Long Beach (the "Study") in accordance with Government Code §§
66000 et seq.; and

WHEREAS, the Study has provided the City and the City Council with

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1 information and data regarding the nexus between needed recreation improvements and
2 the benefiting land uses that would pay the impact fees at time of development; and

3 WHEREAS, the Study provided data outlining the various recreation
4 improvements and parkland which are required to meet the need generated by new
5 residential development projects in the City; and

6 WHEREAS, it is the City's policy that future new development should
7 contribute its fair share to public facilities and services through the imposition of impact
8 fees which will be used to finance, defray or reimburse the City for the appropriate portion
9 of the cost of public facilities which serve such development; and

10 WHEREAS, Chapter 18.18 of the Long Beach Municipal Code (Park and
11 Recreation Facilities Fees) recognizes that residential development within the City will
12 result in additional growth and that such growth will place additional burdens on various
13 park facilities, infrastructure, services and recreation improvements. Chapter 18.18
14 further recognizes the types of residential land development that will generate those
15 impacts necessitating the acquisition of land, the construction of park facilities, and
16 recreation improvements, and the expansion of services and infrastructure needed to
17 meet and accommodate them; and

18 WHEREAS, the Study has concluded that the actual current Park and
19 Recreation Facilities Fees necessary to maintain an adequate level of parkland and
20 recreational facility service levels are as follows:

<u>Unit Type</u>	<u>Vacant Land</u>	<u>Developed Land</u>
21 Single Family Units	\$8,402	\$25,043
22 Multi Family Units	\$6,773	\$20,186
23 Mobile Home Units	\$6,349	\$18,917
24 Loft/Studio Units	\$3,389	\$10,093

25 However, that it is not the intent of the City to immediately impose the full amount of the
26 Impact fees as set forth above, but rather, to establish an automatic annual fee
27 adjustment for a five year period, based upon the average percentage change over the
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1 previous calendar year, as determined by the Construction Cost Index for the Los
2 Angeles Metropolitan area, which increase shall not, in total, exceed the amounts set
3 forth above per dwelling unit, by type, without the preparation of a further Nexus Study
4 and due consideration by the City Council as required by Section 18.18.050.C of the
5 Municipal Code.

6 WHEREAS, the City Council has held at least one duly noticed public
7 hearing on the proposed increase to the Park and Recreation Facilities Fees with an
8 opportunity for the public to be heard, pursuant to the provisions of Government Code §§
9 66016–66018; and

10 WHEREAS, the Study has been available for public review and comment
11 pursuant to the provisions of Government Code § 66016; and

12 WHEREAS, based on the Study, the City Council of the City of Long Beach
13 desires to increase the Park and Recreation Facilities Fees in accordance with the nexus
14 calculations and recommendations in the Study; and

15 WHEREAS, an increase in the Park and Recreation Facilities Fees is
16 necessary in order to protect the public health, safety and welfare of the citizens of the
17 City of Long Beach; and

18 NOW, THEREFORE, the City Council of the City of Long Beach does
19 hereby find and resolve as follows:

20 Section 1. The City Council of the City of Long Beach finds that the
21 purpose of the Park and Recreation Facilities Fees established pursuant to Chapter
22 18.18 of the Long Beach Municipal Code, is to prevent new development from reducing
23 the quality and availability of park services and recreation improvements provided to
24 residents of the City of Long Beach by requiring new residential development to
25 contribute its fair share to the cost of additional capital assets and services needed to
26 meet the needs of growth.

27 Section 2. That the City Council of the City of Long Beach finds and
28 determines that the Nexus study, dated August 18, 2005, complies with California

1 Government Code § 66001 by establishing the basis for the increase of the Park and
2 Recreation Facilities Fee on new residential development. This finding is based on the
3 fact that the Study:

- 4 A. Identifies the purpose of the increased fees;
- 5 B. Identifies the use to which the fees will be put;
- 6 C. Shows a reasonable relationship between the use of the fees
7 and the type of residential development project on which the fees are
8 imposed;
- 9 D. Demonstrates a reasonable relationship between the need for
10 the recreation improvements as defined in Chapter 18.18 and the type of
11 development projects on which the fees are imposed; and
- 12 E. Demonstrates a reasonable relationship between the amount
13 of the fees and the cost of the recreation improvements and services or
14 portions thereof attributable to the development on which the fees are
15 imposed.

16 Section 3. That the City Council hereby determines that the fees
17 collected pursuant to this Resolution shall be used to finance the parkland, recreation
18 improvements, and services described or identified in Chapter 18.18 and the Study.

19 Section 4. That the City Council finds that the projects and fee
20 methodology identified in the Study are consistent with the City's General Plan and
21 Capital Improvement Plan.

22 Section 5. The adoption of the Study and the increase to the Park and
23 Recreation Facilities Fee are statutorily and categorically exempt from the requirements
24 of the California Environmental Quality Act ("CEQA") because the setting of development
25 impact fees merely establishes a funding mechanism for the provision of future projects,
26 and, as such, the Resolution is not an essential step culminating in action which may
27 affect the environment, and environmental review required under CEQA will be
28 performed when projects funded by the Park and Recreation Facilities Fees are chosen

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1 and defined. (Kaufman & Broad South Bay, Inc. v. Morgan Hill (1993) 9 Cal.App.4th 464).

2 Section 6. That the Nexus study dated August 18, 2005, attached hereto
3 as Exhibit A and incorporated herein by reference as though set forth in full, word for
4 word is hereby adopted by the City Council based upon the foregoing findings.

5 Section 7. There is hereby adopted the following Park and Recreation
6 Facilities Fee schedule for residential housing:

7	Single Family Residential	\$4,221.00 per dwelling unit
8	Multi Family Residential	\$3,260.00 per dwelling unit
9	Mobile Home or Manufactured Housing	\$2,397.00 per dwelling unit
10	Loft/Studio	\$1,630.00 per dwelling unit

11 Said fees are to be adjusted annually in accordance with the provisions of
12 Long Beach Municipal Code Section 18.18.050C. The increase in the Park and
13 Recreation Facilities Fees established by this resolution shall not apply to those projects
14 for which a Planning Department application for Conceptual or Site Plan Review has
15 been filed and deemed complete by the Department of Planning and Building by July 17,
16 2007.

17 Section 8. The fees specified in this resolution shall become effective
18 sixty (60) days following the adoption of this Resolution by the City Council, and the City
19 Clerk shall certify the vote adopting this resolution.

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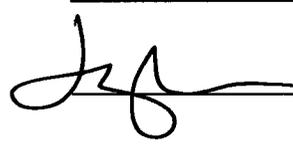
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I hereby certify that the foregoing resolution was adopted by the City Council of the City of Long Beach at its meeting of July 17, 2007, by the following vote:

Ayes: Councilmembers: B. Lowenthal, S. Lowenthal,
O'Donnell, Schipske, Andrews,
Reyes Uranga, Gabelich, Lerch.

Noes: Councilmembers: None.

Absent: Councilmembers: DeLong.



City Clerk

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GJA 5/18/07;
MJM:kjm 6/8/07; 6/27/07; 7/18/07

NEXUS STUDY

Relationship Between Residential Construction and Park Impact Fees

Intent of the Park Impact Fee

New residential development increases the population of the City by providing more places to live. The increased population resulting from the additional places to live adversely impacts parks and recreational resources through crowding and overuse. Such impacts include:

- Worn turf due to too many field sports games to allow the turf to recover,
- To the inability to register for a class or sports facility because all available times are full, or
- To the inability to enjoy a sense of nature and open space because of the crowds attempting the same enjoyment.

Overuse and overcrowding of parks, recreational facilities and open spaces lowers the quality of life for all existing and new residents. Only providing additional parkland and additional recreational facilities can mitigate the negative impacts of residential growth.

To fully mitigate the impacts of residential growth, a fee on new development must maintain the current level of service. Thus, it must be based on the current inventory of parkland and facilities. The current level is documented in the 2002 Open Space and Recreation Element of the General Plan and the Department of Parks, Recreation and Marine Strategic Plan of 2003 and the annual implementation reports for those documents.

The fee is calculated on the existing ratios of parkland and facilities to the population, not goals developed to improve the existing quality of life. Overall improvements to the level of parkland and recreational facilities must come from other funding sources such as grants, the General Purpose Fund or other additional fees or taxes. Also, the ratios are calculated on the existing "parkland," not on all recreational open space. This is because the recreational open space outside of "parks," such as the beach or Alamitos Bay, are unique and cannot be replicated to service additional population.

Methodology

Current Fee. The current park impact fee was based on a specific ten-year plan. The population growth for that ten-year period was estimated, and then park acquisitions and recreation facility developments to meet the demands of those new residents were sized and priced. The prices of all the improvements were then divided into the number of new units, and the fee established.

Drawbacks to Current Approach. The current approach has worked, but has had several practical problems. First, the park impact fees are not the only source of funds that are applied to park and recreational facility development. The funding for any new park or facility is usually a mix of General Fund monies from the Capital Improvement

Program (CIP) Budget, and grant funds from county, state and federal sources, plus park impact fees. Occasionally, even private donations are also included. The reality of multiple funding sources for a project throws off the plan based on a single source, resulting in the need to constantly revise the spending plan.

Second, opportunities arise that provide a good reason to revise the spending plan. These may be grant funds requiring a match that are geared to a land acquisition or a facility not on the current list, or the availability of a piece of property for sale that was not anticipated. A set plan does not provide the ability to adjust to such opportunities.

Finally, population growth rate projections are notably unreliable. As evidenced by the substantial under achievement of the funds anticipated to be received based on the dramatic reduction in residential construction in the early 1990's. Thus, staff believes a fee based on a prorated share of the cost of full service community and neighborhood parks is the appropriate approach from which to apply the fee.

Calculating the Fee

The critical relationship in establishing the nexus between the park impact fee and impact of new housing development is that the additional population in the city will degrade the quality of the park experience by additional crowding or impair the accessibility of park facilities by competition for limited opportunities to use park facilities. Thus, the fee must be based on the existing availability of park space and recreation facilities, and not the goals of improved park and recreational facility availability.

Fortunately, the City of Long Beach conducted extensive inventories of park space and recreational facilities for two recent plans, the 2002 Open Space and Recreation Element of the General Plan (OSRE) and the 2003 Parks, Recreation and Marine Departmental Strategic Plan (PRMSP). The data to calculate the fees is mostly derived from those two plans.

Parkland - How much land? The existing service level for park space is 2.9 acres per 1,000 residents. This is higher than the level in 1989, which was then 2.7 acres per 1,000 residents. The increase in park space is the result of the City of Long Beach aggressively seeking to expand the amount of park space in the city, and was made possible through four park bond issues, two by Los Angeles County in 1992 and 1996, and two by the State of California in 2000 and 2002. The calculation of the existing level of service is derived from the 1,425 parkland acres in the OSRE, plus four additional acres from Jack Dunster Marine Biological Reserve, Peace Park, Fellowship Park and Tanaka Mini-park that have been completed since the OSRE was completed. The total acreage was then divided by the 2004 California Department of Finance population estimate for Long Beach of 487,100.

In 1989, because of the high cost of land in fully developed Long Beach, the fee was based on one-half of the then existing level of service. Staff was directed to develop a plan to use existing park space more intensively, and to increase joint use opportunities with the Long Beach Unified School District to achieve the same level of service with a decreasing ratio of land to population.

Parkland – How much does it cost? Two different calculations of the fees have been carried out for the study. The first is based on vacant land which the City has recently had appraised for a potential purchase for a park site. The value was \$14 per square foot or \$609,840 per acre.

The second cost utilized is based on a market basket of land values from recent appraisals from mid-2003 to present in the western half of the city where the OSRE targets all new parkland acquisitions. The land value estimates that were used covered 25 acres of mixed-use properties in north Long Beach, central Long Beach and the edges of downtown Long Beach. The values from the three areas were weighted evenly. They reflect single- family residential use in north Long Beach; multiple housing styles with moderate overall density and mixed commercial and industrial use in central Long Beach; and mixed housing styles with high overall density and some commercial use near downtown Long Beach. The average value was \$54.63 per square foot, or \$2,379,828 per acre. Although it is quite high, it is based on the acquisition of primarily developed land, so the value of the improvement, the cost of relocating the tenant or business, real estate and escrow fees, and the removal of the building are all included in the cost.

Step 1. To calculate the fee, the current standard of 2.9 acres of park space per 1,000 residents is multiplied by the cost per acre.

Cost per acres X 2.9 acres.

This equals \$1,768,536 for the vacant land and \$6,901,501 for the mixed-use market basket.

Step 2. Next the land cost must be pro-rate back to the cost per unit. This is done by dividing the 1,000 resident standard by the number of residents per unit for each housing type to covert the land cost per 1,000 residents.

1,000 Residents

Residence per unit = Units responsible for 2.9 acres of parkland.

For single-family residential buildings there are 3.09 residents per unit. Thus, for each 324 new residential units, a new development needs to provide a prorated share of 2.9 acres of park space.

Step 3. To find the cost per unit the cost for 2.9 acres is divided by the number of units responsible for each housing type.

Cost for 2.9 acres
Number of Units Responsible = Cost per unit

The vacant land cost of 2.9 acres of \$1,768,536 divided by 324 units is \$5,458 per unit and of \$6,901,501 is \$21,300 for the single-family housing type.

For multi-family residential, the occupancy is 2.49 person per unit, so 402 units are responsible for 1,000 new residents. That calculates to a fee of \$4,399 for vacant land and \$17,169 for the mixed-use market basket.

Finally, for mobile homes the occupancy is 2.33 persons, so 429 units would be necessary to bring in 1,000 new residents. Thus, that fee would be \$4,122 for vacant land and \$16,087 for the mixed-use market basket.

Work/live studios are not reported as a separate housing type in the Census, but by the convention established for such units they are assumed to have one-half the residents of the multi-family units, so half of the multifamily fee is \$2,200 and \$8,584.

These land price fees are substantially higher than the fees in many other jurisdictions and are above the level indicated below as supportable by new development. Further, the price of land varies widely by the area of the city and by the current improvements on that piece of land. Thus, an alternate approach to setting the fee was developed from the changes in the Consumer Price Index.

Affordability of the Fee. One criticism of impact fees is that they will take the profit out of building new housing, so the result will be that no new housing will get built. To investigate that concern, David Rosen and Associates (DRA) was commissioned to calculate how much of a fee could be applied to new residential development before the burden of the extra cost eroded the potential profits. They did this by calculating what is known as the residual land value. This basically calculates the cost of constructing housing and compares it to the sales or rental value. After adding normal profit and land value, what is left, the residual, is how much higher than normal profit is left for either the land seller or the developer. Alternately, it is how much higher total development costs could be before the incentive to develop is removed.

The residual land value calculation was done for six different proto typical housing projects varying in style, density and tenure. These included townhouse and stacked flat rental housing types, and small lot single family, town house, stacked flat and high-rise ownership housing types. The proto-types were developed from actual sales and construction values.

Unfortunately, a single equilibrium point cannot be determined at which all proto-typical projects could afford no higher fee. This is because the profitability of a project is highly variable based on the cost of the land and the type of development that is proposed. DRA concluded that an increase in the fee of up to \$3,000 per unit would not undermine the incentive to build housing.

Parkland Development and Recreational Facilities

To maintain the existing level of recreational opportunities that current residents enjoy, the new parkland must be developed. The prorated share of improving parks allocated to each unit follows the procedures established for prorating the responsibility for parkland. The cost calculations are based on the ratio whereby all types of recreational facilities currently occur in the city. The rates are based on the current level of facilities as documented in the Parks, Recreation and Marine Strategic Plan (Strategic Plan). These existing service levels are listed in the attached table. This approach generalizes the cost of developing parks across the entire city so that one development is not required to pay for more expensive facilities than another. One-of-a kind, or geographically unique facilities, such as the marinas, restored habitats, regional parks or Blair Field were not included.

As an example, the following illustrates how the cost of a playground was allocated. First, the Strategic Plan found that there was one playground in a city park for each 6,673 residents. For multi-family residential development, there were on average 2.49 residents in each dwelling unit. Thus, there is currently one playground for each 2,680 multifamily dwelling unit.

The cost of the typical playground in 2004 is \$150,000. This includes a set of playground apparatus scaled to each a pre-school sized child and an elementary school sized child. It also includes a swing set with swings sized for both age groups, rubberized wheelchair accessible surface material covering at least half of the playground, a sand surface in the remainder, and a firm boundary material anchoring the rubberized surface.

The number of units that support the playground, 2,680, is then divided by the cost of the playground for a conclusion that each new dwelling unit would need to pay \$56 to maintain the current ratio of playgrounds to the population.

This calculation is then carried out for each type of facility in the city's recreational system except the unique facilities noted above, and the fees totaled. Two types of improvements require some special calculations. One is the open space improvement cost, indicated in the table as "grounds." To do this calculation, the amount of land outside all the other facilities needs to be calculated. From the basic 2.9 acres, 1.59 acres are necessary to accommodate all the other facilities at the ratio they use of the total parkland. The remaining 1.31 acres is outside of the basic facilities. It is improved

only with grading, irrigation and landscaping only. The costs for those activities were then totaled and prorated per unit as in the other calculations.

The second exception is parking. The parking is not based on the existing parking ratio to the population because new Zoning standards require more parking than has been required in the past. Based on current zoning requirements and the mix of facilities included in all parks, a total of 13 parking spaces per acre is the typical parking requirement for the typically improved park acre. This was then expanded to 38 spaces for each 2.9 acres and prorated in the typical fashion.

The cost per unit for each of the types of facilities is then totaled to obtain a park facility and development cost. The full calculation results in improvement costs of \$2,541 per unit for single-family residential; \$2,049 per multi-family unit; \$1,923 for a mobile home and \$1,025 for a work/live studio.

However, that is not the end of the calculation. The costs of constructing facilities are purely that, direct construction costs from actual 2004 construction bids or price quotes. It does not include the cost of designing the park, or the cost of managing the project construction. Each adds on average 12 percent to the cost of park construction. Then there is a contingency factor, a hedge against the abnormal and the unanticipated, which is prudently budgeted at 15 percent. These are based on the construction costs only, excluding the land cost. Then, there is administrative overhead, which is budgeted at four percent for capital total costs. This covers such services as accounting, City Attorney's support, and general City management. Finally, there is a one percent service charge for the Planning and Building Department to calculate, collect and account for the fees.